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VIA ELECTRONIC TRANSMISSION TO: FR00010@USTR.GOV

Trade Policy Staff Committee
Office of the USTR
600 17th Street, N.W.
Washington, D.C. 20508

Re: Request to Exclude Products From Import Relief Under Section 203:
(Product Groups 2, 3, and 9)

Dear Sir or Madam:

On behalf of Lyman Steel Company, an importer of hot-rolled steel plate, sheet and bar, we hereby submit a request for exclusion from import relief under section 203. Enclosed please find a detailed explanation for this request for exclusion for a specific type of hot-rolled alloy steel plate imported under HTS 7225.40.3050; manganese bars imported under HTS 7228.30.8050; and manganese sheet imported under HTS 7225.40.7000.

Respectfully submitted,

John M. Gurley
Matthew M. McConkey

Enclosure

**BEFORE THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C.**

EXCLUSION REQUEST OF:

LYMAN STEEL COMPANY

Counsel:

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Pursuant to the October 26, 2001, Federal Register notice, entitled: Trade Policy Staff Committee; Public Comments on Potential Action Under Section 203 of the Trade Act of 1974 With Regard to Imports of Certain Steel (66 Fed. Reg. 54321), we submit the following information regarding certain hot-rolled alloy steel plate, sheet and bars imported by Lyman Steel Company (“Lyman Steel”).

(a) The designation of the product under recognized standard or certification (e.g., ASTM, DIN), or the commercial name for the product and the HTS number under which the product enters the United States.

RESPONSE:

Lyman Steel is requesting exclusions for four products. There is no exclusive ASTM or DIN number for these products. The four products are: 360 BHN (nominal) plate, and 13% austenitic manganese steel plate, sheet and bars. The HTS number used to import both types of plate is HTS 7225.40.3050. The HTS number used to import manganese sheet is HTS 7225.40.7000. The HTS number used to import manganese bars is HTS 7228.30.8050.

(b) A description of the product based on physical characteristics (e.g., chemical composition, metallurgical properties, dimensions, surface quality) so as to distinguish the product from products for which exclusion is not sought.

RESPONSE:

i. 360 BHN (nominal) Plate

This product is a hot-rolled alloy steel plate, quenched to a 360 nominal BHN hardness. It is not further processed. It is neither tempered, nor flattened, nor desulphurized. Lyman Steel purchases it for its hardness only, for abrasion resistance.

It is used solely in low grade maintenance applications, such as in lining truck boxes in quarries. These truck boxes are relined each year. Because the plates are replaced each year it is not necessary to have plate which meets the most exacting tolerances.

ii. **13% Austenitic Manganese Steel Plate, Sheet and Bars**

These products differ from most steel products because of the manganese content. The manganese content is intentionally made high in order to obtain an austenitic microstructure. The chemistry for these manganese steel products is as follows:

C: .80 - .90
Si: .10 - .45
Mn: 12.00 – 14.00
P: .035 max.
S: .040 max.
Cr: .50 max.
Mo: .150 max.
Ni: .40 max.

c. The basis for requesting an exclusion.

RESPONSE:

i. **360 BHN (nominal) Plate**

Every other producer in the world (U.S. and foreign) produces a quenched, tempered, desulphurized, and flattened product. That further processing results in a much higher grade product but at a very significant cost increase. These higher specifications are not required for the “niche product” that to which Lyman Steel sells.

For example, after the desulphurization process, the sulphur content of steel used by U.S. producers cannot be higher than 0.002. In comparison, the plate Lyman Steel purchases has a very high sulphur content of 0.02. In addition, there is an added cost to

make steel with a flatness of half of A6 tolerance. Lyman Steel uses plate with a flatness of twice A6 tolerance. Further, Lyman Steel uses plate with 360 nominal BHN hardness whereas U.S. producers require 360 minimal BHN hardness. None of this additional processing is required to serve the purpose of Lyman Steel customers.

Basically, the increase in cost associated with additional processing makes the domestically processed products too expensive for the intended applications of Lyman Steel. The domestic mills, as well as mills in foreign countries, are designed to produce all of their plate products to these rigid specifications and cannot produce this lower grade of plate that Lyman Steel requires.

ii. 13% Austenitic Manganese Steel Plate, Sheet and Bars

This type of steel is not produced by any mill in the United States and has not been made in this country for at least 20 years. This steel is used in shot blast machines. This steel is unique in that it changes microstructures during use. Essentially, it goes from a soft steel to a hard or “martensitic” steel. No other steel product works in this application because it does not undergo this transformation.

(d) The names and locations of any producers, in the United States and foreign countries, of the product.

RESPONSE:

There is no U.S. producer of these products.

(e) Total U.S. consumption of the product, if any, by quantity and value for each year from 1996 to 2000, and projected annual consumption for each year from 2001 to 2005, with an explanation of the basis for the projection.

RESPONSE:

i. 360 BHN (nominal) Plate

Based on our knowledge that Lyman Steel is the sole importer and seller of this type of low grade steel, the total U.S. consumption of this specific type of steel plate would be the total amount that Lyman Steel sells in the United States. From 1996 to 2000, Lyman Steel sold approximately 2500 – 3500 MT per year with a selling price of approximately \$1,500,000-\$2,500,000 per year. The projected annual consumption for each year from 2001 to 2005 would remain the same, as it is a fixed market.

ii. 13% Austentic Manganese Steel Plate, Sheet and Bars

We estimate total tonnage sold of this product annually to be 4000 MT. Lyman typically sells approximately 2700-3200 MT yearly with a selling price of approximately \$4,000,000-\$6,000,000 per year.

(f) Total U.S. production of the product for each year from 1999 to 2000, if any.

RESPONSE:

There is no U.S. production of these products.

(g) The identity of any U.S.-produced substitute for the product, total U.S. production of the substitute for each year from 1996 to 2000, and the names of any U.S. producers of the substitute.

RESPONSE:

i. 360 BHN (nominal) Plate

There are no domestically produced substitutes for this product. The theoretical argument can be made that the higher specified costlier grade for this products could be a “substitute.” In reality, the end user (customer) would not pay the higher price and this market would disappear totally. Lyman Steel has created this market by responding to a need for a inexpensive hard plate with no extra processing for a very basic simple application. Lyman Steel cannot purchase this product domestically as it is not produced to this very basic requirement for hardness only.

ii. 13% Austentic Manganese Steel Plate, Sheet and Bars

There are no domestically produced substitutes for these products – period.

CONCLUSION

Lyman Steel understands the U.S. Government’s desire to provide relief to the U.S. steel industry. However, imposition of quotas or duties on the steel products imported by Lyman Steel in no way brings relief to the U.S. steel industry. To the contrary, it would almost certainly cause severe economic hardship to Lyman Steel.